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Colombia's Peace and Venezuela's Turmoil

An Emerging Regional Crisis Landscape in South America

Günther Maihold

Despite concerted political efforts to isolate the Colombian peace process from Venezuela's internal unrest, the signs suggest coalescence and tectonic strife in the region. There are justified concerns that the increasingly interconnected constellation of precarious peace in Colombia and growing authoritarianism in Venezuela could generate new dynamics of violence. The two Andean neighbours are so closely connected by ideological confrontation, border disputes, illegal violent actors, migration flows, the narcotics trade and economic exchange that the individual problems become almost indistinguishable – both within and between the two countries. The bottom line is that the political and economic crisis in Venezuela is eroding efforts to consolidate peace efforts in Colombia. Avoiding lasting harm will require the two states to pursue integrated solutions supported by the international community.

Colombia and Venezuela are closely bound together by the ongoing Colombian peace process. Caracas served as a guarantor at the Havana talks that in November 2016 – after more than five years – produced a peace agreement between the Colombian government under President Juan Manuel Santos and the leadership of the FARC guerrilla group. Nevertheless, relations between the two countries have been dogged by a succession of conflicts. Now a new stage of escalation looms in the context of the political crisis in Venezuela; the legitimacy of the Venezuelan constituent assembly is contested, and the presidential and parliamentary elections it arranged are challenged (see p. 5).

Mutual recriminations and threats strain the relationship, and bilateral contacts be-

tween the governments are on ice. Grounds exist for concern that the crisis in Venezuela could spill over into Colombia and further complicate or even endanger the still young peace process there: the situation on the shared border remains tense while the burden of provisioning and accommodating Venezuelan migrants in Colombia is growing. The upcoming elections – parliamentary in March 2018 and presidential in May – are already affecting Colombian politics. The national reconciliation process is at risk, as the election campaign sharpens the polarisation between supporters and opponents of the peace settlement.

The Colombian government is also under pressure from the United States to tackle

coca production, which is rising again. The transit routes for cocaine exports to the US and European markets lead through Venezuela, where they further corrupt the power structures. Parts of Venezuela's military apparatus and political elites are known to be involved in the drug trade and are subject to investigations and blacklisting by the US authorities. In Colombia in turn, criminal post-conflict structures (comprising former FARC fighters and rearmed paramilitaries) supply incentives to continue participating in the drug trade. This does lasting harm to the Colombian peace process, cementing existing violent conditions in the border region and beyond.

Colombia's Fragile Peace

Since the Colombian peace agreement came into effect the FARC guerrilla fighters have been successfully disarmed and demobilised, and the peace process has entered a new phase. The next stage is the (re-)integration of almost seven thousand fighters into society. As such, "territorial peace" becomes the central dimension of state action. Far-reaching processes of local reconciliation and development forums need to be set in motion, in order to enable peaceful co-existence on the basis of transitional justice, acknowledgement of guilt, amnesty processes and political participation. The UN is supporting this new phase through a new verification mission mandated by the Security Council. The first UN mission, deployed after the peace agreement, completed its work of monitoring the disarmament of the FARC slightly behind schedule on 25 September 2017.

But progress on the economic, social and political reintegration of demobilised fighters is slow, and enforcement of security guarantees is patchy. Assassinations disrupt the process: in 2017 more than 75 social and ethnic minority leaders and representatives of human rights groups were murdered. Attacks on former FARC fighters endanger the trust required for their successful reintegration into society. Observers also esti-

mate that between 150 and 800 former fighters have quit the organisation to pursue criminal activities on their own account. One obvious field of activity is drug cultivation and trade. The area used for this in Colombia grew by 52 percent between 2015 and 2016. According to calculations by the United Nations Office on Drugs and Crime (UNODC) the country's cocaine production probably increased by 34 percent. Against this pressure, the government's National Comprehensive Program for the Substitution of Illicit Crops (PNIS) is impotent. It seeks to convert 100,000 hectares from coca production to legal crops, but has to date achieved only 5 percent of that target. Coca farmers and Venezuelan migrants are blamed for unrest and road blockades, especially in the border region with Venezuela (Catatumbo/Cúcuta).

The Colombian government is not only under pressure to implement the peace process more dynamically to avoid disappointing high expectations; in fact material living conditions have worsened and many fundamental promises made in the peace agreement remain unfulfilled. One of the central problems is the slowness of action by government and parliament, with delays in passing the necessary transitional justice legislation (*Justicia Especial para la Paz*) and appointing judges to administer it. Administrative capacities for developing a state presence in regions formerly controlled by the guerrillas are also lacking, and funding options for integrating displaced persons and former fighters are limited. The latter would require economic development, infrastructure investment and projects promoting legal agriculture and founding small businesses. The lack of such opportunities calls into question the sustainability of the demobilisation, and in turn increases the danger of ex-fighters drifting into crime. This not least also weakens the already precarious public support for the peace process.

The "fast track" for expedited adoption of numerous laws associated with the peace agreement ended in November 2017. Now

the legislative process is subjugated to the logic of the election campaign. Of the 24 central legislative initiatives that were supposed to be realised under the fast-track rule, only ten succeeded. The political reform to reorganise electoral constituencies in the former FARC regions failed completely. With President Santos's governing coalition disbanded for the election campaign, many of the pending bills associated with the peace agreement are likely to be put on ice. And even the legislation that has been adopted still has to be approved by the Supreme Court, further delaying the point where it comes into effect. So now institutional and political calculations override the peace goals of the Santos government. The latter remains in office for another seven months, which is likely to be a difficult time in view of the expected realignment of political forces.

The election campaign itself plays a part in eroding the consensus for the peace settlement, with an ideological controversy over "Castro-Chavismo" inflaming passions: Parts of the conservative opposition stoke fears that "Venezuelan conditions" associated with socio-economic decline and political turmoil in the neighbouring country could infect Colombia when the FARC enters the electoral arena. The spectres they invoke include material shortages, abolition of private property, persecution of political opponents and subversion of the armed forces.

To that extent Venezuela's crisis is directly implicated in the internal conflicts in Colombia, where it exacerbates polarisation over the legitimacy and provisions of the peace agreement. This can be expected to lead to a situation where internal political priorities shape the political and legal interpretation of the agreement, and the peace process loses transformative thrust and becomes sidelined. The FARC is already complaining (not without reason) that the government's lateness in implementing particular elements is significantly skewing the internal logic of the agreement. This applies not least to the integration of demobilised fighters. According to the UN,

55 percent have already left the designated transition zones because of the lack of state provision for reintegration and training, looking to make their own way instead.

Peace Talks with ELN Stalled

The Colombian government's cease-fire with the – still armed and active – ELN guerrilla group expired on 9 January 2018. Talks in the Ecuadorian capital Quito aiming to extend the agreement were suspended after ELN fighters attacked demobilised FARC members, police stations and members of the security organs.

It is currently hard to imagine a successful peace process with the ELN occurring before President Santos steps down. The ELN is a much more difficult counterpart than the FARC, with a decentralised organisational structure requiring protracted internal coordinating processes. At the same time the Colombian armed forces have stepped up their operations against the ELN, degrading what little trust did exist. Nor does the government want to expose itself during the election campaign to accusations that it is taking an overly conciliatory stance. The ELN also operates in regions bordering Venezuela, where it further inflames an already complex situation: Colombia's borders see a superposition of criminal activities, guerrilla operations and massive migratory movements.

Migration Pressure and Border Security

The problematic situation at the Colombian-Venezuelan border is a central element of the new crisis landscape in the northern Andes. Many Venezuelans have sought respite from the humanitarian crisis by emigrating to Colombia and Brazil. Massive migration movements that have been set in motion – above all towards Colombia – that threaten peaceful co-existence. Here the historical situation is reversed: during the post-1970 oil boom many Colombians sought a better life in Venezuela.

According to the Colombian government more than 600,000 persons from Venezuela immigrated in the past eighteen months, not counting Colombian returnees. Complete economic collapse would lead to a dramatic increase in the numbers. Altogether 1.2 million Venezuelans are believed to have relocated to Colombia for economic or political reasons. Providing for this influx presents increasing logistical and social problems in a difficult post-conflict context, and anti-Venezuelan reactions have been reported.

The migration creates turmoil at the 2,200-kilometre border between the two countries, where violent incidents have already been reported. Economic crises have repeatedly led to closure of the six official border crossings, most recently in August 2016. Colombia is now committing more troops to the border region, but with 288 informal crossing points, the border must be regarded as porous. The region is characterised by legal and illegal trade, indigenous groups whose territories straddle the border, and shared ecological challenges. The issue of border security is of central importance, and is complicated by the breadth of problems that come together in the region: massive migration flows, drug transit routes, ELN hideouts and growing smuggling between the two countries.

Especially during election campaigns, the question of border management gets instrumentalised to domestic ends. The interests of guerrilla groups, resurgent paramilitaries and criminal organisations are multifariously interwoven with formal and informal entities at the border and within the border region, including control instances on both sides, military forces and state-sponsored Venezuelan gangs. Pressure of migration generates its own conflict constellations, as well as expanding the opportunities offered by the black economy. With no prospect of a joint border policy, the problem threatens to spiral out of control. A deliberate or accidental provocation by the border police or the military can easily escalate. There is an urgent need for reciprocal crisis intervention mechanisms to

prevent conflicts at the border spiralling out of control.

Consequences for Economic Development

Multiple sensitivities and interdependencies make the relationship between Colombia and Venezuela a political management conundrum. Confrontation can easily mar the bilateral relationship where internal difficulties are projected on the respective neighbour. Before President Hugo Chávez initiated the era of restrictive economic policies in 2009 Venezuela was Colombia's second-largest trading partner (after the United States), supplying industrial products and increasingly also basic foodstuffs. In 2007 17 percent of Colombia's foreign trade was with Venezuela; by 2016 the figure had fallen to just 0.5 percent. Trade is hampered by the Venezuelan government's three different official dollar exchange rates, in addition to the black market rate. Many Colombian firms – most recently the airline Avianca – have ceased operating in Venezuela after suffering massive dollar conversion losses.

Growing asymmetries between the two countries hamper economic development. Venezuela operates a planned economy; Colombia has free-market competition with open markets. Given the differences between the economic systems, imbalances are inevitable, with massive price differences for strategic goods generating immediate demand across the border. This applies to state-subsidised vehicle fuel in Venezuela, which attracts Colombian purchasers. Conversely dramatic shortages of food and medicines in Venezuela generate enormous local border traffic with Colombia, placing great strains on Colombian healthcare infrastructure and distribution systems in communities close to the borders.

The trade in fuel, livestock, food, gold and people is increasingly organised through illicit channels and smuggling. It is believed that goods worth US\$1 million cross the border unrecorded on a daily basis. New paramilitaries, ELN fighters and

Chavist collectives compete for control of the border, which also represents one of the most important transit routes for the international cocaine trade. Incursions by Venezuelan armed forces are a regular occurrence, seeking to counter the impression that Venezuelan society is haemorrhaging through emigration and economic decline.

Venezuela's Protracted Crisis

No other state in Latin America currently suffers such a multitude of overlapping crises as Venezuela. The state is on the verge of bankruptcy, the population experiencing a humanitarian crisis, and the political situation characterised by an openly authoritarian centralisation of power. President Nicolás Maduro recently announced that opposition parties that boycotted the December 2017 local elections will be excluded from the presidential election on 20 May 2018.

Venezuela is heavily dependent on its oil industry, with oil exports accounting for 96 percent of foreign exchange revenues. Low oil prices have created a massive crisis in state finances. Apparently the country now intends to “restructure” its debt, worsening its international credit ratings and bringing it ever closer to default. The IMF put Venezuelan inflation at 2,400 percent in 2017, with the economy shrinking by 12 percent. Foreign debt amounts to \$120 billion, with a large proportion due in the coming ten years. The loans taken out by the state oil company PDVSA are especially relevant, because its extensive oil reserves serve to backstop the state budget. Production infrastructure is deteriorating rapidly due to lack of investment. Whereas at the end of the 1990s Venezuela was still producing 3.2 million barrels per day, the figure had fallen to just 1.9 million by October 2017. Even if Venezuela is still the United States' third-largest oil supplier, with 7 percent market share, the corresponding dollar revenues no longer cover its import needs.

General Manuel Quevedo's recent appointment as president of the PDVSA underlines the strength of the military's grip on the levers of power. The armed forces also control the distribution systems for food and medicines. The growing “militarisation” of the post-Chavist system reveals how President Maduro is seeking to preserve his power via the security organs. These at the same time become the central pillars of the state-run economic and social programmes. With the decline of the national production apparatus the country becomes increasingly dependent on external lenders and states like China, Russia and India. Buying up worthless debt secures them influence over Venezuela's resources sector and shares of the country's oil reserves.

Maduro is always inventing new tricks to stabilise the economy and improve the supply situation. These include the announced introduction of the resource-backed cryptocurrency “Petro”, which is the first digital state currency. The crypto-Petro is to be closely tied to the oil price, and guaranteed by Venezuela's enormous oil and gas reserves as well as its gold and diamond deposits. The white paper on its introduction states that the Petro will be used for investment, savings and international financial transfers, and serve all citizens to pay taxes and state services. It is hoped that tying the currency to the oil price will reduce inflationary pressure and achieve greater independence from the US dollar. After US\$735 million were raised in the first days of the Petro pre-sale, Maduro has announced that he will launch the Petro Gold as an additional crypto-currency in order to capture further international funds.

The one-month pre-sale period began on 20 February 2018. Caracas hopes this will supply an injection of fresh capital and serve to stabilise the national economy. It is planned to issue 100 million Petros, backed by 100 million barrels of the country's oil reserves, in order to raise \$5.9 billion. As such, the Petro could potentially rebuild the country's access to the international financial markets. But there must be doubts

as to whether it can really succeed in insulating Venezuela from the international oil market, which remains tied to the US dollar. Domestic disruption could easily send the Petro into a downward spiral, if access to the guaranteed oil were called into question. The parliament, which Maduro has frozen out, has already called the Petro “unconstitutional contraction of debt” because it lacks parliamentary approval. So the new funding instrument is in no way immune to the political crisis.

The Weakness of the Opposition

On 30 July 2017 Venezuela elected a constituent assembly, granting President Maduro an instrument to enforce his interests. After the opposition-dominated National Assembly was suspended, all state institutions are now subordinated to the new organ. Through a tactical combination of repression and negotiation Maduro has succeeded in wearing down the opposition and neutralising its pressure on the regime. The opposition alliance Mesa de Unidad Democrática (MUD) is significantly weakened, after Maduro successfully played its leaders against each other. While the opposition was still able to organise massive protests in mid-2017, today it is largely toothless.

The reason for this is not least that civil society has largely withdrawn from political life. Ordinary people no longer believe they can improve their situation by taking to the streets. As such the opposition parties have lost both their institutional base and their social roots. Instead they rely increasingly strongly on the international community to press for their demands in talks with the government (most recently in the Dominican Republic). Four points are central: recognition of the humanitarian crisis by the government, reinstatement of the National Assembly; agreement on a dependable electoral calendar; and release of the 300 political prisoners.

The government has shown no sign of granting any of these demands. The opposition finds itself facing an intransigent

regime that prefers to play for time rather than enter into serious negotiations. Nor has it received much help from the informal Lima group of fourteen American states, whose latest meeting in Santiago de Chile unanimously rejected the early presidential election in Venezuela, asserting that it would “lack legitimacy and credibility”. While some of the Venezuelan opposition parties wanted to negotiate with the government about election modalities, others refused due to the failure of guarantees. The common position for a boycott of the elections has been undermined by one opposition leader, who announced his candidacy at the last moment. This means the chances of united front remain small and the centrifugal forces are only likely to be accelerated by the government’s tactical manoeuvring. Maduro denounces the opposition in nationalist declarations, accusing it of being externally controlled from Washington and Bogotá. The Trump Administration’s sanctions and Colombia’s rejection of his government allow Maduro to present himself as the defender of national sovereignty.

Options in a Region of Crisis

The constellation of problems within and between Colombia and Venezuela is extremely complex, with multiple overlapping and interlocking conflicts. Navigating this landscape of crisis requires efforts at the national and regional level. Positive impulses from Latin America are not to be expected, as the existing regional crisis management mechanisms – such as the Union of South American Nations (UNASUR) – have largely fallen into abeyance, while the Lima group restricts itself to joint declarations. The international community is called upon. It is already active in the region through its engagement in Colombia’s peace process as well as (fruitless) mediation efforts in Venezuela. Integrated solutions are needed, encompassing the national, bi-national and regional dimensions of the conflict.

First of all the ideological fixation of Colombia's domestic politics needs to be overcome. Currently every political turn in Venezuela finds immediate resonance in Colombia's overheated election atmosphere, to the detriment of the bilateral relationship. Unless the obsession with the "bad" neighbour can be laid aside, there is little chance of reining in the repercussions of relentless authoritarianism in Venezuela on the Colombian peace process. Numerous bilateral problems are on the table and need to be dealt with. Above all the border region needs to be pacified: this is where old and new conflict constellations overlap, with the greatest risk of various forms of violence flaring up. Investment in infrastructure is needed to create economic incentives for reintegration of former FARC fighters. Otherwise there is a danger of them switching to the ELN forces or to criminal and paramilitary groups operating in the border region. Regional reconciliation forums and development committees need to quickly begin (and complete) their work in order to guarantee conditions under which economic dynamism can emerge in hitherto marginalised regions. Drug transit through Venezuela must also be stopped; it opens up access to massive resources and fuels political conflicts. This is a task above all for the Colombia security organs; no support can be expected from the Venezuelan side, where parts of the armed forces are themselves involved in the drug trade.

The elections scheduled for 2018 in both countries currently offer little prospect of lasting impulses for a transformation of the confrontative relationship. In the event of electoral fraud occurring again, Venezuela's weak opposition will be able to achieve little in the country's centrally controlled institutions. Even if the international community refuses to recognise the result the regime in Caracas is likely to be able to maintain its grip on power, regardless of the precarious living conditions of large sections of the population. A new decree that declares political criticism to be a "hate crime" sub-

ject to prosecution demonstrates the kind of persecution oppositionists can continue to expect. At the same time the government is relying on a rising oil price expanding its financial leeway. In Colombia the signs are that the election will be won by forces campaigning on criticism of the peace agreement and a policy of distancing from Venezuela. The already fragile peace process could thus become even more solidly bogged down, especially as no sustained civil society pressure for implementation can be expected.

It is incumbent upon the international community to prevent the various crises and tensions in Colombian-Venezuelan relations from spiralling. Most urgently needed is the establishment of a humanitarian corridor in Venezuela to address the shortages of food and medicines. Given that President Maduro has to date rejected such a measure, the idea of using the funds to aid Venezuelan citizens who have fled to Colombia could be considered – even if this would in the short term create additional incentives for migration.

The United States and the European Union have imposed sanctions on Venezuela, designed to increase the costs the Maduro government incurs for its course. This applies to the country's access to the international finance markets, but also to personal resources that representatives of the regime have generally parked abroad. But punishment is only one side of the coin. There also needs to be an incentive, a promise that costs will fall if the country returns to democratic rule. On the way there a transition plan needs to be drawn up – with the participation of the opposition – that contains elements of an economic adjustment policy and also provides for the various powers of the country to function in an orderly manner again. Questions of national and international prosecution are of central importance for members of the Maduro regime, and will need to be clarified. This could offer the starting point to sensibly interlink the different levels of crisis and tackle the Venezuelan-Colombian crisis landscape in an integrated manner.

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